

MINUTES

**MONTANA SENATE
56th LEGISLATURE - REGULAR SESSION
COMMITTEE ON STATE ADMINISTRATION**

Call to Order: By **CHAIRMAN MACK COLE**, on February 16, 1999 at 10:00 A.M., in Room 331 Capitol.

ROLL CALL

Members Present:

Sen. Mack Cole, Chairman (R)
Sen. Don Hargrove, Vice Chairman (R)
Sen. Jon Tester (D)
Sen. Jack Wells (R)
Sen. Bill Wilson (D)

Members Excused: None.

Members Absent: None.

Staff Present: Keri Burkhardt, Committee Secretary
David Niss, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: SB 431, SB 434, HB 56,
2/10/1999
Executive Action: SB 431, SB 434, HB 56

HEARING ON SB 434

Sponsor: SEN. MIGNON WATERMAN, SD 26, HELENA

Proponents: Mike O'Connor, Executive Director, Public
Employees' Retirement System
Jerry Williams, Montana Police Protective
Association
Mark Tymrack, Chief of Police, Bozeman, Montana
Association of Chiefs of Police

Troy McGee, Chief of Police, Helena, Montana
Chiefs of Police
Tom Schneider, Montana Public Employees'
Association

Opponents: None.

Opening Statement by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 8 - 18}

SEN. MIGNON WATERMAN, SD 26, Helena, explained this legislation would reduce the employee contribution rates by 2 percent for all members of the Montana Police Retirement System. No other systems will be effected. The proposed legislation will be funded by extending the unlimited liability by approximately 1.62 years, for a total of 19.19 years. The extension is a one time situation and the unfunded liability will begin to decrease the following year. This was proposed to provide some relief to those members who were adversely affected by unequal increases in the contribution rates when the Guaranteed Annual Benefit Adjustment, GABA, legislation was enacted. This bill is within the parameters set by the committee on Public Employees' Retirement System and was endorsed by the Public Employees' Retirement Board on November 23, 1998.

Proponents' Testimony:

Mike O'Connor, Executive Director, Public Employees' Retirement System, said the Board has been working with the Police Protective Association concerning this bill. This is an attempt to change the GABA provision. Under the Police Retirement System there are multiple rates. The GABA provision said if the member elected GABA, they would contribute at 11 percent. This caused people contributing at 7.8 percent to jump to 11 percent. They discussed increasing the employee contributions by .5 percent for everybody. This solution did not seem possible because they had equal protection problems. Therefore, they decided to go with this legislation, which would give a 2 percent reduction to all members. It also allows members who have not elected GABA the opportunity to do so. Currently, they have 88 members who originally did not elect GABA, but because of the changes in the contribution rates, these people should be given the opportunity to elect GABA. The Police Retirement System has contributions equivalent to 54 percent of salary. This would reduce the contributions from 54 percent to 52 percent, increasing the unfunded liability to 1.62 years. The majority of the contributions coming into the system come from state contributions. Employer contributions are equivalent to 14.41 percent, the state contributes 29.37 percent, and the average

employee contributes slightly over 10 percent. He urged the committee to support this bill.

Jerry Williams, Montana Police Protective Association, read **EXHIBIT**(sts38a01).

Mark Tymrack, Chief of Police, Bozeman, Montana Association of Chiefs of Police, said this bill is about doing the right thing to get rid of inequities in the system. As one of the senior members of the retirement system, this effected him 3.2 percent. He urged the committee's support.

Troy McGee, Chief of Police, Helena, Montana Chiefs of Police Association, said this may appear to be a bill about greed. That is not their intent. At first they drafted a bill to only affect the officers who the legislation in 1997 affected. They canceled that bill because it would probably be unconstitutional under the Equal Protection Clause. They supported the legislation in 1997, thinking it was a bill other than what it was. The proposal is fair, equitable, and legal. It should take care of the problems they perceive. This is a compromise between them and the Public Employees' Retirement Board. He urged the committee to support the bill.

{Tape : 1; Side : A; Approx. Time Counter : 18 - 26}

Tom Schneider, Montana Public Employees' Association, said they support the bill. The act is not effective until January 1, 2000, but it also requires the election must be filed with the board prior to December 1, 1999. If the bill is not effective until after January 1, 2000, it will not provide authorization for the election. The GABA bill in 1997 was a very large bill and it was difficult to look at each section piece by piece. The increase to the police officers was so excessive there was not a good reason to select GABA. This bill would correct that.

Questions from Committee Members and Responses:

SEN. HARGROVE asked if the \$400,000 on the Fiscal Note was the 1.6 years of unfunded liability. **Mr. O'Connor** said it was. He added it was the reduction of the employee contributions. **SEN. HARGROVE** asked what the trend has been in this fund over the last 5 years. **Mr. O'Connor** explained the actuarial experience of all the funds in the system are doing very well. The assumption is that the unfunded liability would be reduced a year for year, but it has been a lot better than that.

SEN. WILSON asked **Tim Shanks** to explain officer salaries. **Tim Shanks, Montana Police Protective Association,** said there are

several salary steps, depending on position. Each grade receives a little bit more. Probationary officers start at \$2,400 per month.

SEN. TESTER asked for some clarification on the election versus the effective date. **Mr. O'Connor** said Tom Schneider made a good point. He explained it would be hard to make provisions prior to the effective date. The effective date should be July 1, 1999. This would give them the opportunity to send out the election forms and gives the members the opportunity to send them back by December 1, 1999. Then everything would be effective on January 1, 2000.

Closing by Sponsor:

SEN. WATERMAN said she agrees with changing the effective date to July 1, 1999 and leaving the contribution effective date at January 1, 2000. Police officers believed their increases would be .5 percent and it came as a shock to them to see a three percent increase. The two percent reduction is effective and the best way to go. She urged the committee's support.

EXECUTIVE ACTION ON SB 434

Motion/Vote: **SEN. WILSON** moved that **SB 434 DO PASS AS AMENDED**.
Motion carried 5-0.

HEARING ON SB 431

Sponsor: **SEN. VICKI COCCHIARELLA, SD 32, MISSOULA**

Proponents: None.

Opponents: None.

Informational Witness:

Opening Statement by Sponsor:

{Tape : 1; Side : A; Approx. Time Counter : 26 - 51}

SEN. VICKI COCCHIARELLA, SD 32, MISSOULA, stated that she is going to ask the committee to table this bill after they have heard it. The concept of telecommuting is a positive one in Montana. Hopefully it will be used more and more by state agencies. It allows a person to work for the government from home. This bill asks for tracking that. The Department of

Administration is doing this and they found a law being passed is not necessary for this to happen.

Informational Testimony:

Lois Menzies, Director, Department of Administration, explained she feels that they can effectively do this administratively rather than statutorily. The bill required each agency adopt a policy. It would be more productive to have a single more flexible policy all agencies could work under, so they can adjust and address situations unique to each agency. They have a couple of groups that can help the Department adopt this policy. One of the groups is called ITAC, the Information Technology Advisory Council, which is a policy level group setting policy in the area of information technology. It is a statutorily created group. The group is well founded and very active in the area of setting standards and policies. They also have a personnel network which has to work very closely with any telecommuting policy. They would be instrumental in looking at it from an employer and employee perspective. By these two groups working together, they could adopt a policy and post it electronically, as required in this bill. Also, they could produce a report and encompass it in a larger report they produce every biennium. The legislation is not necessary.

Noel Larrive, Missoula Ravalli, Transportation Management Association handed out **EXHIBIT(sts38a02)**, **EXHIBIT(sts38a03)**, **EXHIBIT(sts38a04)**, **EXHIBIT(sts38a05)**, **EXHIBIT(sts38a06)**, **EXHIBIT(sts38a07)**, **EXHIBIT(sts38a08)**, **EXHIBIT(sts38a09)**. He explained this proposed legislation comes from the state of Oregon. The packet has information about the Missoula Ravalli Transportation Management Association. The Association is a nonprofit agency funded by the Department of Transportation to create alternatives to single occupant vehicles. Anything they can do to cut down commute traffic is their scope. Within that is a collateral component focusing on telecommuting and teleworking. They have reached a consensus to do this administratively and forgo any formal legislative action. He feels satisfied they will follow through, collaborate some of the things they are already doing and report back in 2 years with regard to progress. He urged the committee to table the bill.

Questions from Committee Members and Responses: None.

Closing by Sponsor:

SEN. COCCHIARELLA closed.

EXECUTIVE ACTION ON SB 431

Motion/Vote: SEN. WILSON moved that SB 431 BE TABLED. Motion carried 5-0.

DISCUSSION

A brief discussion was held about upcoming executive action.

David Niss, Legislative Council, explained the amendments for SB 228 EXHIBIT(sts38a10). These were made to accomplish the change in the tax elections from March to May, in accordance with the committee instructions. He noticed a couple of matters that needed to be addressed. In order for the tax election this year to be a choice, he will have to change the bill to read "May or November". Also, some changes were made to SB 228 that were made in another bill as well. Therefore, a coordination clause was put in the bill, amendment paragraphs 10 and 11. The change in the coordination clause concerns the move up in valuation dates and the use of the previous year's valuation for centrally assessed properties. In the case of the second change in paragraphs 10 and 11, the language is discretionary. He has not talked to the Department regarding how they are going to interpret and apply this discretionary language. Paragraph 12 changes the date from March to May and is the school election provision. If this passes as it appears, the date would conflict with REP. SHIELL ANDERSON's HB 490, which is the bill that changes the date for the Presidential Preference Primary from the current month all primaries are held to the 1st Friday after the 1st Sunday in March. It needs to be coordinated with HB 490.

{Tape : 1; Side : B; Approx. Time Counter : 51 - 63}

HEARING ON HB 56

Sponsor: REP. WILLIAM MENAHAN, HD 57, ANACONDA

Proponents: None.

Opponents: None.

Opening Statement by Sponsor:

REP. WILLIAM MENAHAN, HD 57, Anaconda, explained this bill was brought by the Legislative Council. A number of years ago there was a legislator who was handicapped and he received legislative pay and his disability benefits from the government. He was paid

for both. This bill eliminates the possibility for a person to receive both. The people who are handicapped are supplied with aides to help them. They feel it is not right for them to receive the disability check as well. This bill eliminates that.

Questions from Committee Members and Responses:

SEN. WELLS asked if they want to eliminate this so there is not a future possibility of them receiving both checks. **REP. MENAHAN** said that was correct. He added there have been some changes in the tax codes that say they can still do some things. The Legislative Services can give them extra aides, but the legislator cannot be paid twice.

SEN. HARGROVE asked if it currently conflicted with Federal law. **REP. MENAHAN** said that it does. They put it to assist the individual. Last session, the legislator who was handicapped did not use this system and would have introduced this piece of legislation himself, had he returned. **SEN. HARGROVE** asked if they were just cleaning up the law because they would not be allowed to receive both checks anymore. **REP. MENAHAN** said that was correct. He added all of the services would still be provided, but the second salary would be dropped.

SEN. WELLS said the way it was written before sounded like the individual could not "double dip". **REP. MENAHAN** said at one time the individual could not, but the last session the individual worked, he was given both paychecks. Also, this only applied to the individual who is a legislator, not to the other legislative workers. When this was brought to the individual, he did not want to participate anymore. It is not fair he could get benefits other people could not. The Legislative Council wanted to strike this from the statutes because it did not apply anymore.

Closing by Sponsor:

REP. MENAHAN closed.

EXECUTIVE ACTION ON HB 56

{Tape : 1; Side : B; Approx. Time Counter : 63 - 75}

Motion/Vote: **SEN. TESTER** moved that **HB 56 BE CONCURRED IN.**
Motion carried 5-0.

DISCUSSION

They further discussed the coordination of **HB 490** and **SB 228**. They discussed separating the trustee election and tax election because it would be too extensive to put them together. They talked about giving flexibility for the trustee election if it is not going to be held in conjunction with the tax election. If the amendment passes, the elections will be held in May and November for 1999 and in May thereafter. They discussed the legality of using last year's valuations for the tax election.

ADJOURNMENT

Adjournment: 11:15 A.M.

SEN. MACK COLE, Chairman

KERI BURKHARDT, Secretary

MC/KB

EXHIBIT (sts38aad)